

## Message Text

PAGE 01 STATE 204372

17

ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

DOT-00 EB-07 INR-07 NSAE-00 FAA-00 L-03 SS-15 NSC-05

/046 R

66610

DRAFTED BY: TRSY/OS:MFIELD:IMW

APPROVED BY: EB/IFD/OMA:RRYAN

TRSY/OS:NGORDON

TRSY/OS:RPATRICK

ARA/BC:DRISCOLL

EB/IFD/OMA:MMINNIES

----- 106356

R 272141Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

LIMITED OFFICIAL USE STATE 204372

E.O. 11652: N/S

TAGS: EFIN

SUBJ: CIVAIR - RECIPROCAL INCOME TAX EXEMPTION

REFS: A. STATE 180071 B. SANTIAGO 5106

TREASURY HAS BEEN IN CONTACT WITH MR. VICTOR  
OLGUIN OF CHILEAN EMBASSY HERE ON PROPOSED RECIPROCAL  
EXEMPTION OF AIRLINES.

FOLLOWING POINTS WERE MADE BY TREASURY IN RESPONSE  
TO GOC DRAFT AGREEMENT. MAJOR SUBSTANTIVE AREA OF  
DISAGREEMENT IS THAT U.S. CANNOT MAKE THE EXEMPTION  
RETROACTIVE AS DESIRED BY GOC. SECOND DIFFERENCE OF  
SUBSTANCE IS THAT WE PREFER TO COVER SHIPPING AS WELL.  
IN ADDITION, THERE ARE A NUMBER OF TECHNICAL PROBLEMS  
IN RECONCILING THE TWO DRAFTS, E.G. THE FORM OF THE  
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PAGE 02 STATE 204372

AGREEMENT, WHICH FOR CHILE MUST BE A TREATY SUBJECT TO  
RATIFICATION AND FOR U.S. NEED ONLY BE AN EXCHANGE  
OF NOTES IMPLEMENTING EXISTING STATUTORY AUTHORITY; THE  
DEFINITION OF U.S. AND CHILEAN CORPORATIONS WHICH ARE

DEFINED DIFFERENTLY IN THE TWO DRAFTS AND COULD RESULT IN A CORPORATION BEING A RESIDENT OF BOTH COUNTRIES; AND WHICH TAXES ARE TO BE COVERED (THE U.S. DRAFT COVERS NATIONAL INCOME TAXES ONLY; THE CHILEAN DRAFT COVERS TAXES ON INCOME AND CAPITAL AT ALL LEVELS). ONCE AGREEMENT REACHED ON SUBSTANTIVE POINTS, TECHNICAL ISSUES MAY HAVE TO BE RESOLVED BY ARRANGING A ONE OR TWO DAY MEETING.

MR. OLGUIN WILL RELAY MESSAGE TO HIS GOVERNMENT AND CONSULT WHETHER IF A MEETING NEEDED THEY ARE PREPARED TO SEND A DELEGATE TO WASHINGTON OR IF IT WOULD BE NECESSARY FOR U.S. TO SEND SOMEONE THERE. IT WAS AGREED THAT IT IS IMPORTANT TO SIGN AN AGREEMENT THIS YEAR FOR IT TO TAKE EFFECT AS OF JANUARY 1, 1975.

WOULD APPRECIATE EMBASSY CONFIRMING THESE POINTS WITH MINISTRY FOREIGN AFFAIRS. PLEASE ALSO VERIFY IF INFORMAL VIEW EXPRESSED BY BURR (REPORTED REFTEL B) THAT OUR NOTE MIGHT BE ACCEPTABLE IF RESTRICTED TO AIRLINES IS STILL ACCURATE. IF GOC PREPARED TO CHANGE EFFECTIVE DATE OF THAT NOTE TO JANUARY 1, 1975, WE WOULD AGREE TO DELETE SHIPPING. THIS SOLUTION, IF ACCEPTABLE TO GOC, WOULD PERMIT AGREEMENT PROMPTLY. INGERSOLL

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, AIRLINES, CIVIL AVIATION, TAX RELIEF  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D750297-0853  
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**Original Handling Restrictions:** n/a  
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**Previous Handling Restrictions:** n/a  
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**TAGS:** EAIR, EFIN, CI, US  
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